

State Revenue Impact From A License Plate Reissuance

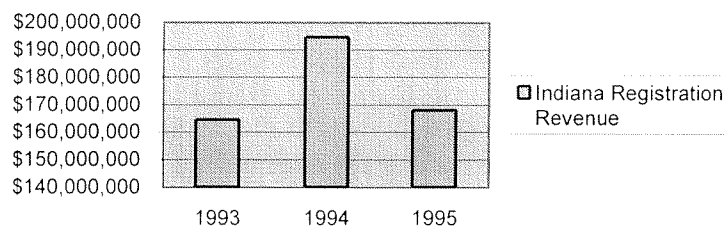
During recent years, over thirty states have reissued their license plates. Most reissued all of their plates in a single year while other spread the process out over a two to four year period. Some states such as Texas, Minnesota and Florida replace a percentage of their plates every year so that no plate is ever more than five to seven years old. Virtually all states that have conducted reissues have seen a significant increase in vehicle registration revenues above that which would be expected from normal growth in the vehicle population. The following examples are provided below.

Connecticut: The Connecticut Legislature passed a bill in 1999 requiring a license plate reissue to begin in September 2000. The CT DMV Reflective Safety Plate Task Force Report recommended to the Legislature targeting the State's unregistered motor vehicle rate of 5% and raising revenue by \$17,000,000 through a reissue of license plates.

Illinois: Just one year into the two-year license plate reissues, the Illinois Associated Press reported on July 30, 2002 "More than 116,000 people have paid the \$78 renewal fee for a valid plate this year after not paying last year, generating more than \$9 million for the state's road fund. Those could be scofflaws who found it harder to disguise an old plate than an old registration sticker or owners, whose vehicles are not being used, said White spokesman Randy Nehrt." This will lead to a estimated 10% recapture rate.

Indiana: Indiana reported an increase from \$164,554,000 in 1993 to \$194,476,000 in 1994 for an 18% increase. With an estimated cost of less than \$15,000,000, the additional revenue from the Indiana reissue amply exceeded the cost. From 1992 to 1993 auto registration receipts increased only 3.7%; collections declined to \$168,047 in 1995 but then increased by 1.8% in 1996 and by 2.6% in 1997.

Indiana Registration Revenue



Iowa: Iowa had a \$19,600,000 (7.6%) increase in registration receipts from 1996 to 1997 when they completed their reissue. Increases from the previous four years averaged 2.9%. Registration receipts increased an additional \$13,090,000 in 1998 data for a total increase of \$32,690,000 or 12.7% over the period of the reissue. Iowa estimated that the cost of the reissue was less than \$12,000,000.

Kansas: Kansas reissued license plates in 1994 and realized \$4,356,000 revenue increase compared to an \$822,000 decrease in 1993. Collections in 1995 continued to increase by over \$4,000,000. The \$8,300,000 revenue increase over two years far exceeded the reissue cost of less than \$5,000,000. Kansas is conducting a reissue in 2000.

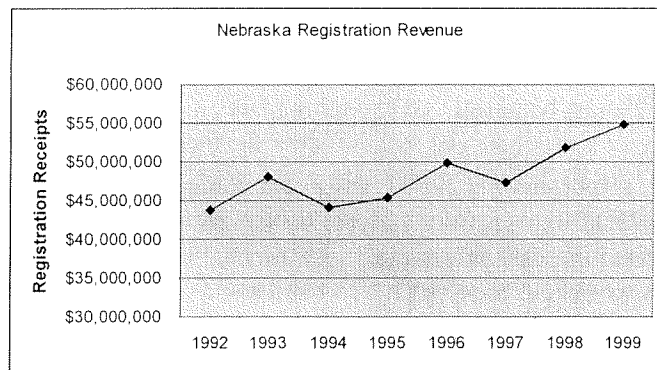
Kentucky: Kentucky reissued of license plates in 1998. This resulted in a gain of an additional \$17,000,000 in registration revenue in one year and a \$24,897,000 million increase from 1997-1999

Maine: Maine reissued license plates in 1987 and experienced a 14% growth rate compared to 1986. In 1988, the growth continued with a 12% growth rate. The reissue boosted Maine's revenue growth rate substantially. Maine just completed another reissue in July 2000 and BMV estimates show a 5.5% increase in registrations and a 10.9% in revenue collected in the year of the reissue. The registration revenue reported to the FHWA increased from \$44,745,000 in 1999 to 50,539,000. The represents a 12.9% increased during the reissue period. Furthermore, the total number of motor vehicle registrations increased from 915,455 to 1,004,776 – an 11.9% increase.

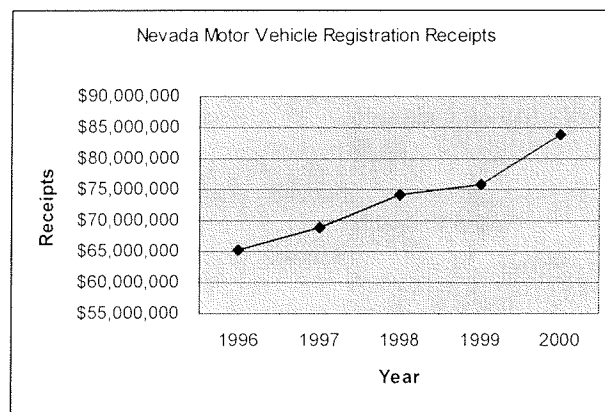
Mississippi: Mississippi replaced all license plates in 1993 and saw an increase from \$50,398,000 to \$56,804,000 (12.7%). Revenues continued to increase at approximately 1.5% annually through 1997. Mississippi completed another reissue in 1998 which yielded a 5.8% increase in motor vehicle registration receipts collected.

Missouri: Missouri reissued license plates in 1998 and experienced a 4.9% increase in motor vehicle registration receipts. In 1997 total receipts were \$187,497,000 and in 1998 they increased to \$196,645,000.

Nebraska: Nebraska experienced a 9.8% increase from \$43,810,000 in 1992 to \$48,108,000 in 1993. Revenue dropped back to \$44,149,000 in 1994 and increased to \$45,446,000 in 1995. They completed another reissue in 1996 when registration receipts increased to \$49,898,000. The \$4,500,000 revenue increase more than covered the cost of the reissue. In 1997 revenues dropped to \$47,390,000. In 1999, the next reissue year, revenues jumped to \$54,858,000. Moreover, the 2001 Nebraska Legislative Fiscal Analyst Estimate of a proposed bill to lengthen the period of time between reissues, states that the regular 3 year reissue cycle increases motor vehicle registrations and the corresponding revenue. The loss of revenue from a proposed lengthening of the reissue period was a significant contributor to the defeat of this proposed bill. Nebraska continues to reissue license plates every three years.



Nevada: In January of 2000, Nevada began a license plate reissue contributed to an increase in motor vehicle registrations and the revenue collected. Nevada's motor vehicle registrations increased 4.9% in Fiscal Year 2000 and the revenues collected during this same-period increased 10.5%. The actual increase in revenue collected was \$7,996,000.



New York: New York reissued license plates from 1986 through 1988. In 1989, the year following the reissue, revenues increased by 30% compared to the 1986-1988 levels. Revenues declined by 12% in 1990 but then leveled off and resumed a modest growth rate. New York is currently conducting a reissue of their license plates. Lt. Governor Donohue's January 10, 2000 press release estimates between 400,000 and 700,000 existing unregistered vehicles will be targeted by the license plate reissue program.

North Dakota: North Dakota did not report a revenue increase when they reissued plates in 1993, however, in 1994, revenue increased from \$34,919,000 to \$37,666,000 or 7.9%. The one-year delay in revenue increase is attributable to the overlap between the 1993 fiscal year and the 1993 calendar year. Fee collections in 1995 held steady at \$37,735,000. In this state with only 695,000 vehicles, the cost of reissuing plates was estimated at \$2,780,000 compared with a two-year gain of \$5,500,000.

Ohio: Ohio reissued new license plates for all vehicles in 1992. In 1993-1994, registration receipts increased by \$27,813,000 or more than 7.6%.

Pennsylvania: Pennsylvania started reissuing plates in October 1999 and is estimating a revenue increase of more than \$40,000,000 over the three years of the program.

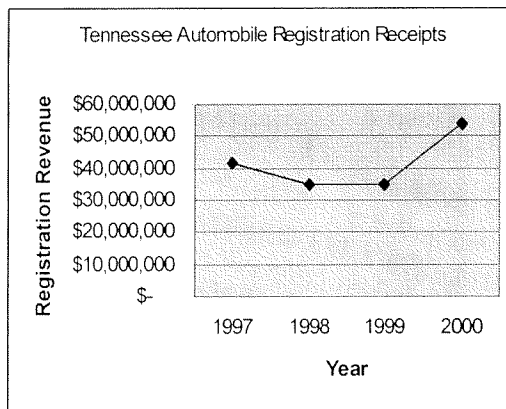
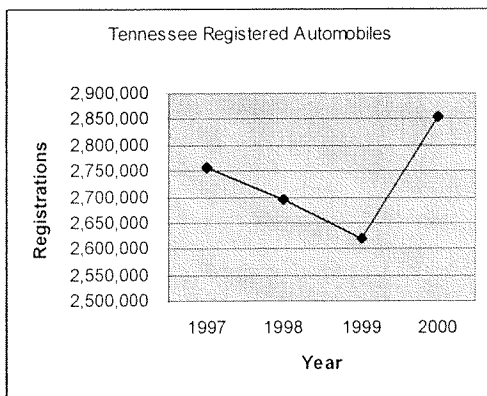
Governor Ridge's February 17, 2000 Press Release announcing program states: "Once completed, PennDOT expects the statewide license plate replacement to result in a 4 percent to 5 percent increase in vehicle registrations. PennDOT estimates this boost in registration fees would generate about \$13.8 million a year, more than covering the cost of the reissuance within three years." During the first year's reports from FHWA (1999-2000), registration revenues increased by \$17,456,000 and registrations increased by 251,367 vehicles.

Rhode Island: Rhode Island conducted a reissue of license plates from October 1996 – November 1997, overlapping two fiscal years. During this period of time Rhode Island increased its motor vehicle collections by 7% from \$26,606,000 to \$28,494,000. This is an increase of \$1,874,000.

South Carolina: In 1998 when South Carolina most recently reissued, motor vehicle registrations increased by 133,186 vehicles, or by 4.6%. Moreover, registration receipts also increased by \$6,857,000 or by 12.1%. An additional \$13,500,800 in local property tax revenue was collected to the counties which also collect assess a tax on motor vehicle registrations.

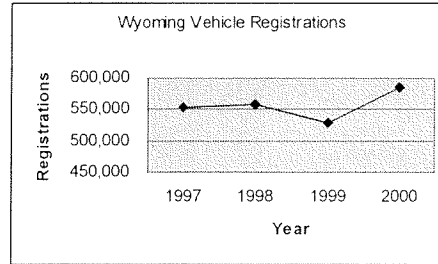
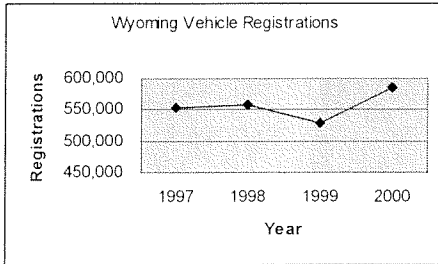
South Dakota: South Dakota reported an increase in revenue collections in the year after the 1996 reissue. In 1997 their collections were \$38,468,000 compared to \$36,704,000 in 1996, a 4.8% increase. This compares favorably with an average 2.8% increase in the four years prior to the reissue. South Dakota's next reissue was in 2000. The FHWA data shows that during this most recent reissue, revenue collections increased by 13.8%, from \$47,459,000 in 1999 to \$54,025,000 in 2000.

Tennessee: During Tennessee's license plate reissue in 1999-2000 automobile registrations increased by 8.9% from 2,621,508 in 1999 to 2,854,569 in 2000. In addition, the revenue increased by \$17.7 million.



West Virginia: WV reissued license plates in 1995 and reported a 7.6% increase in 1996 registration revenue; total collections increased from \$57,648,000 in 1995 to \$62,007,000 in 1996. Collections dropped off slightly to \$61,129,000 in 1997, but were still well ahead of 1995 and prior years. West Virginia estimated the total cost of their reissue at less than \$2,500,000.

Wyoming: Wyoming reissued license plates in 1999-2000. During this time, vehicle registrations increased 10.9% and the revenue collected increased 5.2% from \$39,733,000 in 1999 to \$41,782,000 in 2000.



Note: The specified data were taken from the FHWA Highway Statistics or from the respective State DMV as stated. The data show that, in many cases, states benefit from a gain in vehicle registration revenue in the year of the reissue or in the year following the reissue. In nearly every case, the gain in revenue more than offsets the cost of manufacturing and distributing new license plates. The lag between the data of reissue and the reported revenue increase in some states may be attributable to the fact that FHWA data are compiled by calendar year while many states operate on a July through June fiscal year.

